



2015 Crop and Income Outlook: Conserve Cash Now

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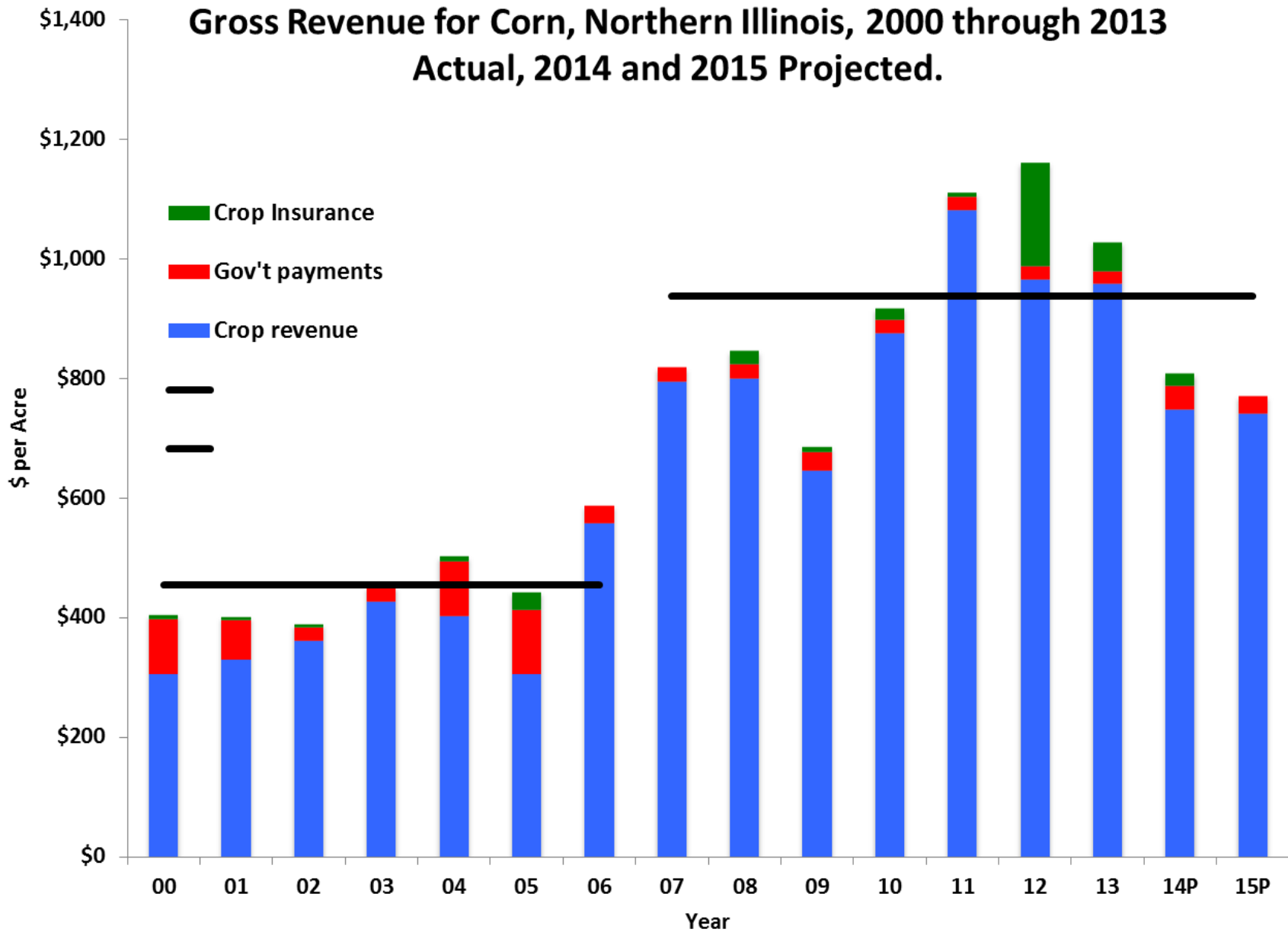


Crop Prices, Market Year Average Prices and Forecasts



	Period				
	75-06	07-14	13	14F	15F
Corn (\$/bu.)	2.37	4.85	4.46	3.40	3.80
Soybeans (\$/bu.)	6.02	101.53	13.00	10.00	9.75
Wheat (\$/bu.)	3.32	6.62	6.87	5.90	5.00

Gross Revenue for Corn, Northern Illinois, 2000 through 2013 Actual, 2014 and 2015 Projected.



Corn and Soybean Non-land Costs, Central Illinois

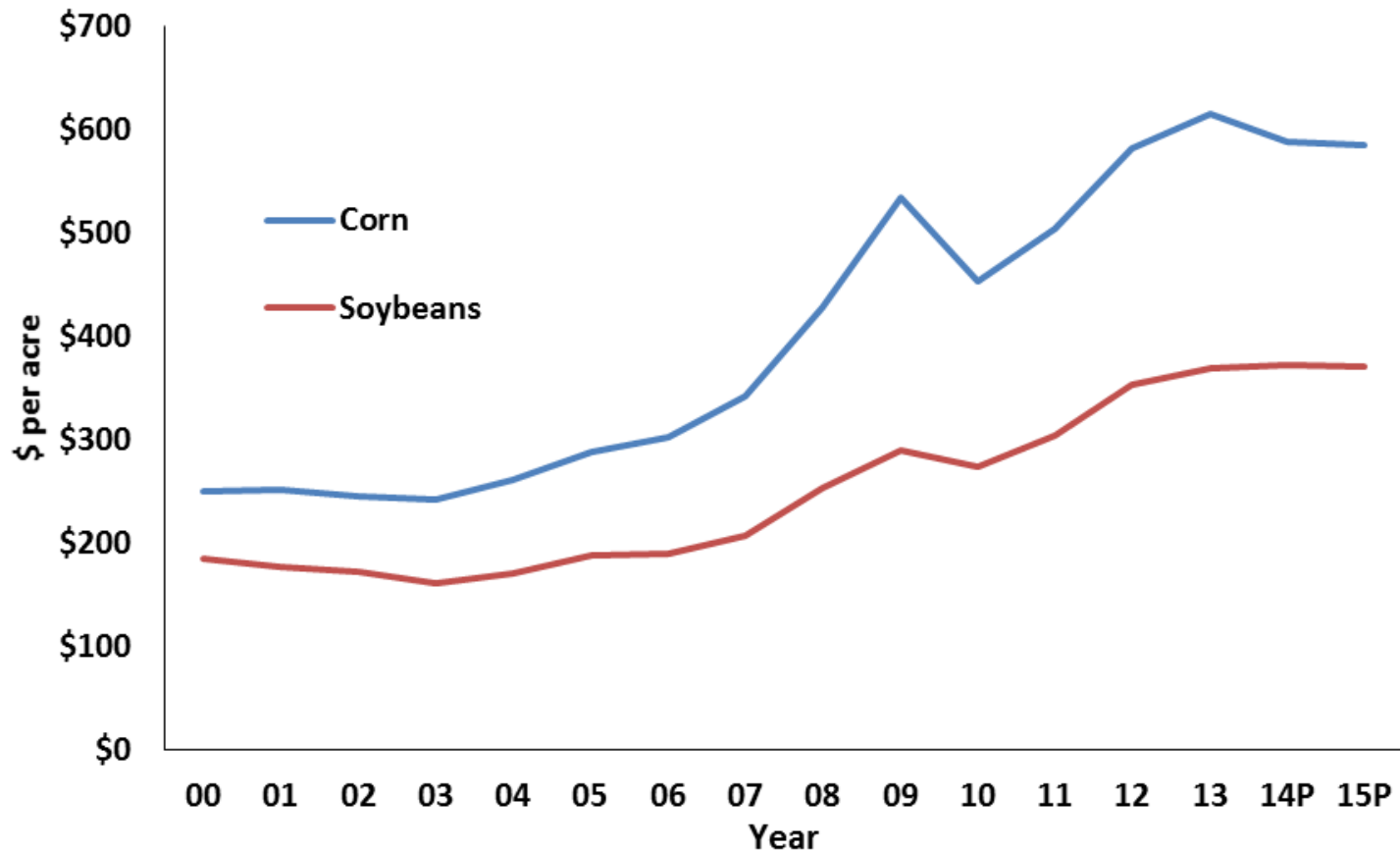


Table 1. Change in Non-Land Corn Costs from 2006 to 2013 by Cost Item, Central Illinois, High-Productivity Farmland

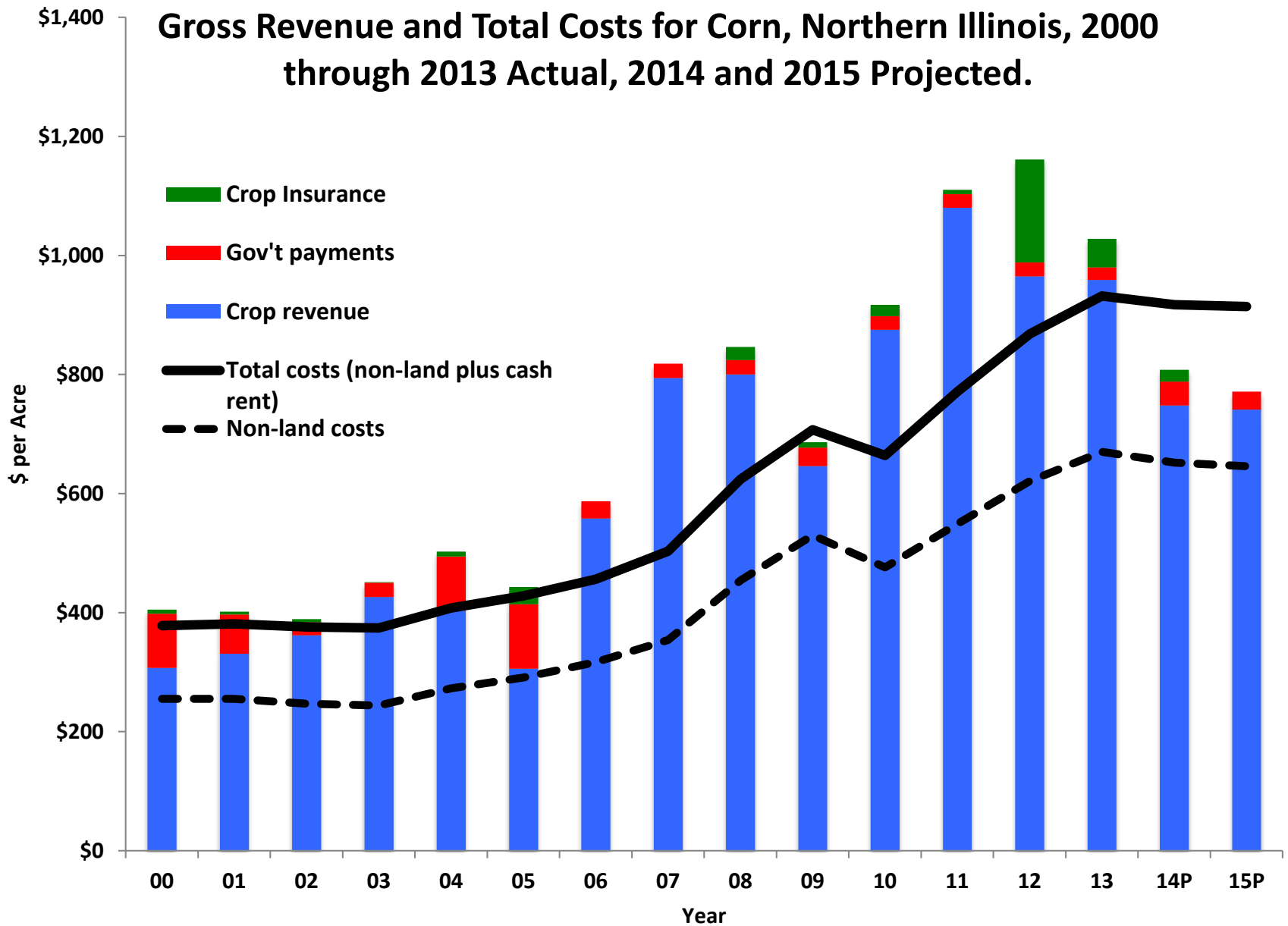
Item	Category	Change from 2006 to 2013	2013 Costs
		\$/acre	\$/acre
Fertilizers	Direct	111	193
Seed	Direct	69	114
Mach. depreciation	Power	43	63
Pesticides	Direct	26	66
Crop insurance	Direct	16	27
Drying	Direct	13	24
Fuel and oil	Power	10	24
Machine repair	Power	9	22
Hired labor	Overhead	8	16
Machine hire/lease	Power	5	11
Building repair and rent	Overhead	3	6
Utilities	Power	2	5
Misc.	Overhead	2	8
Building depreciation	Overhead	1	5
Insurance	Overhead	1	10
Storage	Direct	0	8
Light vehicle	Power	0	2
Interest (non-land)	Overhead	-6	11
Total		313	615

Select Cost Items, Corn, Central Illinois



	2000-05	2013	2014P	2015P
	————— \$ per acre —————			
Fertilizer	68	193	163	148
Pesticides	37	66	60	60
Seed	40	114	119	124
Mach Depreciation	23	63	66	69
Non-land costs	272	615	588	585
Cash rent	144	290	293	296

Gross Revenue and Total Costs for Corn, Northern Illinois, 2000 through 2013 Actual, 2014 and 2015 Projected.



Operator and Farmland Returns

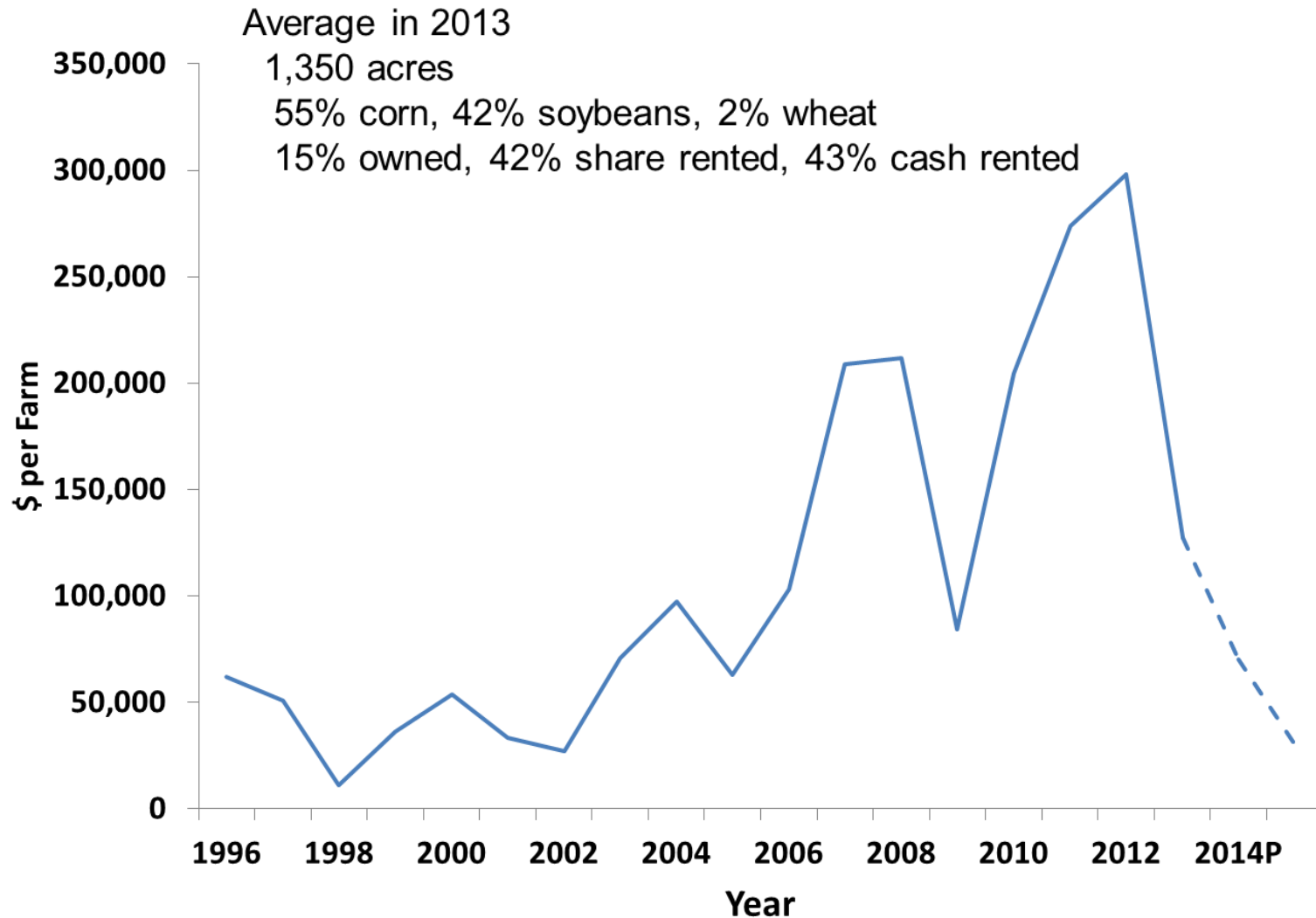
Northern Illinois Farmland



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	2009	2010	2011	2012	2013	2014P	2015P
Corn Yield	178	174	177	143	204	215	192
Corn Price	3.63	5.03	6.10	6.60	4.70	3.50	3.80
Bean Yield	49	56	60	51	59	62	59
Bean Price	9.78	11.31	12.71	14.3	13.20	9.50	9.75
Operator and Land Return							
Corn	156	441	561	540	358	141	94
Soybeans	206	396	499	444	437	242	196
Corn 66% Beans 33%	173	426	540	508	384	175	128

Grain Farm Net Income



- 1. Corn versus soybean acres**
- 2. Lower or eliminate capital purchases**
- 3. Lower fertilizer and seed costs**
- 4. Lower cash rents**
- 5. Reduces other cash flows**

Table 1. Projected Operator and Land Return for Corn and Soybeans in Central Illinois on High-Productivity Farmland, 2014.

	Corn	Soybeans	Average
Yield per acre	220	65	
Price per bushel	\$3.40	\$10.00	
	\$/acre	\$/acre	\$/acre
Crop revenue	748	650	699
ARC/PLC	<u>50</u>	<u>50</u>	<u>50</u>
Gross revenue	\$798	\$700	\$749
Direct costs	397	198	298
Other costs	<u>191</u>	<u>174</u>	<u>183</u>
Total costs	\$588	\$372	\$480
Operator and land return	\$210	\$328	\$269

¹ Costs are based on 2014 Illinois Crop Budgets.

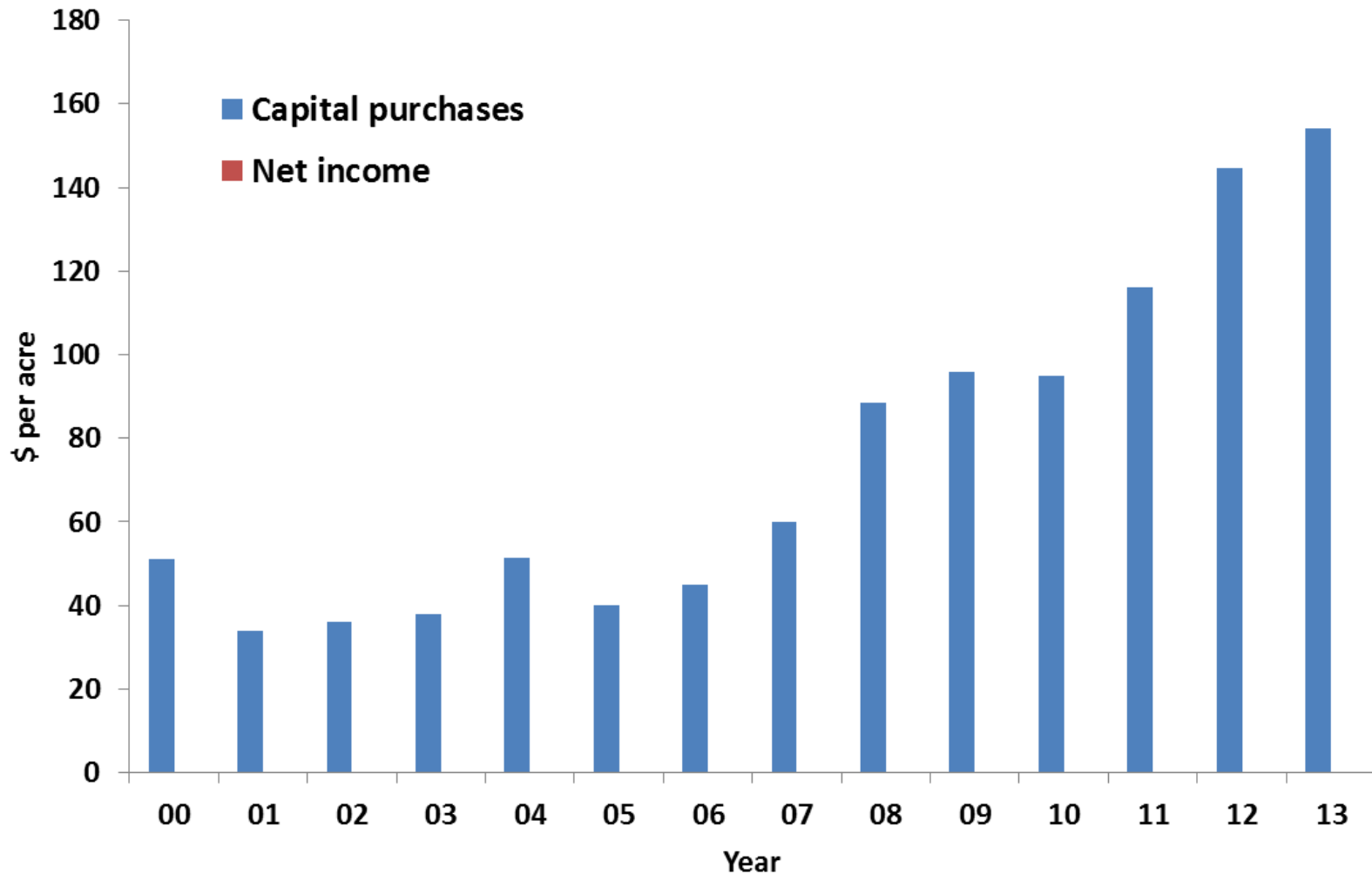
² Based on 50% of farmland in corn and 50% in soybeans.

What will happen to corn versus soybean acres in 2015?

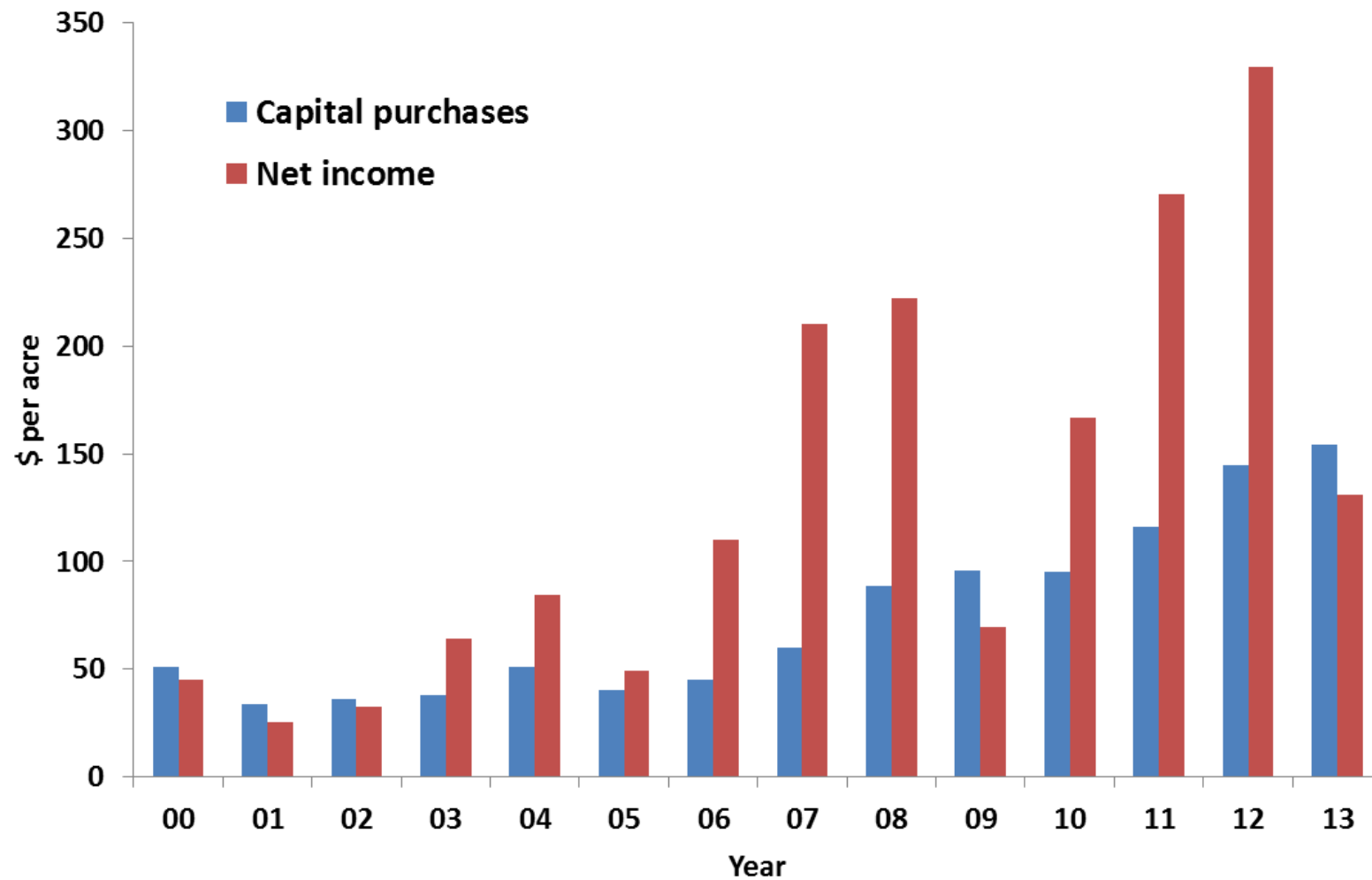
Last years income favors soybeans.

Current prices favor move to soybeans in 2015

Capital Purchases, Illinois Grain Farms



Capital Purchases and Net Income, Illinois Grain Farms



Productivity Class¹	Average NASS Rent²	Professionally Managed Rent³	Difference⁴
	\$/acre	\$/acre	\$/acre
Excellent	313	388	75
Good	259	332	73
Average	205	278	73
Fair	151	224	73

Land Productivity (Expected corn yield)	2014	Expected	Change
	Rent	2015 Rent	
	\$ per acre		
Excellent (190 bu plus)	374	338	-36
Average (170 - 190 bu)	322	288	-34
Good (150 - 170 bu)	285	238	-47
Fair (Less than 150 bu)	215	184	-31

Source: Illinois Society of Professional Farm Managers and Rural Appraisers, Mid-Year Survey

Operator and Farmland Returns

Northern Illinois Farmland



	2009	2010	2011	2012	2013	2014P	2015P
Operator and Land Return							
Corn	156	441	561	540	358	141	94
Soybeans	206	396	499	444	437	242	196
Corn 66% Beans 33%	173	426	540	508	384	175	128
Cash rent	177	188	222	247	262	265	255
Farmer return (1)	-4	238	318	261	122	-90	-140

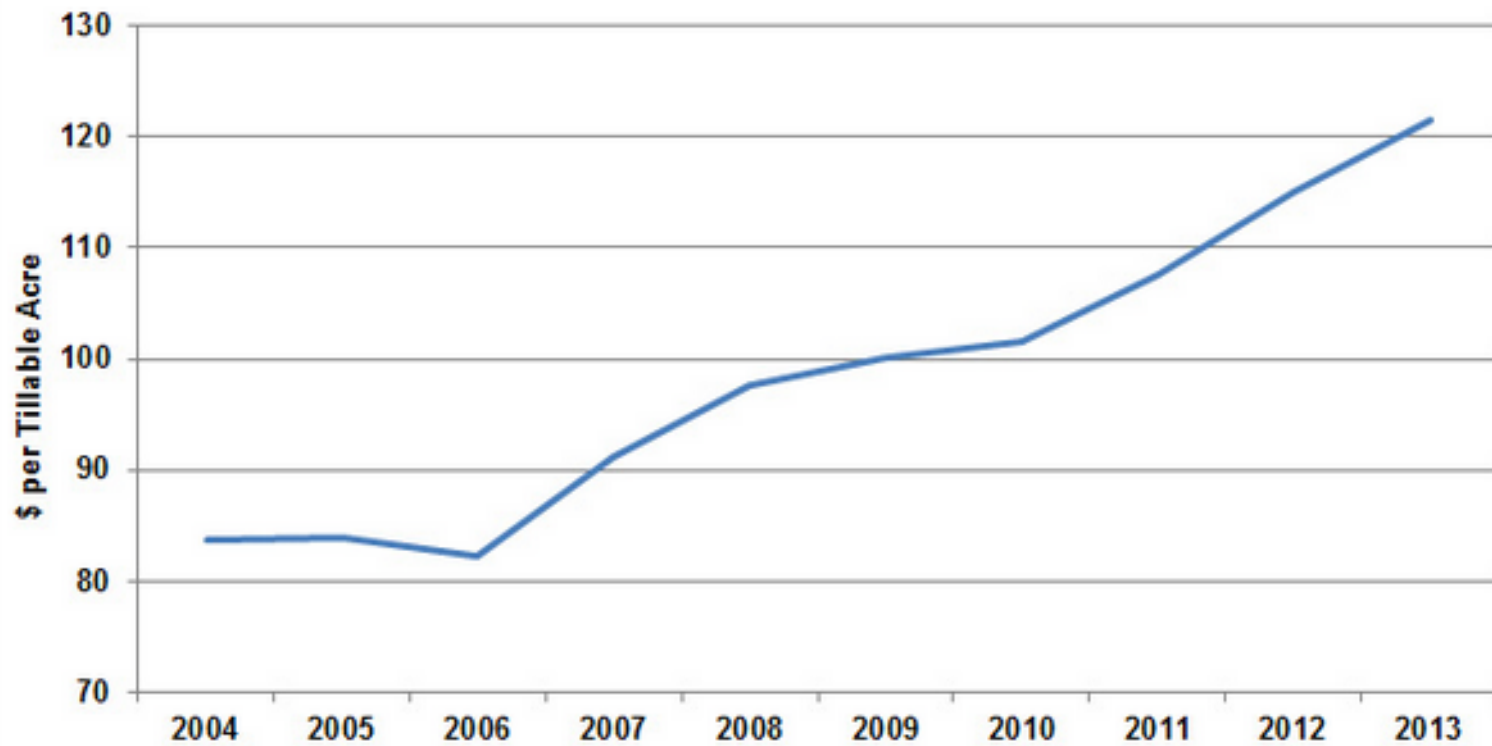
(1) Farmer return = Operator and land return – cash rent

	Projected-2015	Long-run	Higher
Corn Price	\$3.70	\$4.60	\$5.40
Soybean Price	9.75	\$11.00	\$12.20
Operator and Land Return	\$168	\$294	\$410

Returns for different prices

Costs and yields for Northern Illinois (2015 Illinois Crop Budgets)

Figure 2. Total Family Living Expenses per Tillable Operator Acre, 2004-2013



Incomes lower in 2014 and 2015

Responses:

1. Corn versus soybean acres
2. Lower or eliminate capital purchases
3. Lower fertilizer and seed costs
4. Lower cash rents
5. Reduces other cash flows